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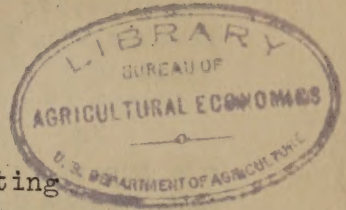
COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS

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CURRENT PROBLEMS IN LIVESTOCK MARKETING*

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Roger Babson is credited with the recent statement that "today the world moves so fast a man has to run to keep from standing still." That characterizes aptly the situation in the livestock marketing field.

The very number and variety of problems tend to confuse. Yet if our work is to be of real value we need to determine what problems, from the standpoint of stockmen, are of basic importance. That question I am trying to answer, both in teaching and in investigational work. My remarks here are not made with the thought that I have the answer, but in the hope that your criticism and suggestions may clarify my own view of the situation.

From such an approach it appears that three problems or questions are now basic. They are: (1) Transportation, (2) direct marketing, and (3) a farmer-owned and controlled cooperative livestock marketing system.

I. From a livestock standpoint the transportation problem is essentially that of necessary adjustments between motor and rail transport. Several important aspects may be noted, among them:

(1) The effect of motorization upon present markets. Practically every important hog producing section of the Corn Belt is within 50 miles of some sort of a livestock selling point. What will be the effect of further motorization? One prominent railroad livestock agent told me months ago that it was only a question of time until trucks would handle all of the livestock within 200 miles of the markets.

(2) Rapidly increasing truck receipts are already forcing important changes at terminal markets. South St. Paul reported expenditure of \$50,000 on new truck facilities last year; Sioux City, something like \$200,000; East St. Louis is making changes involving about \$50,000; and other yards are similarly situated. These items are reflected in charges. Last year, at 8 markets, patrons paid nearly \$400,000 in increased yardage and commissions on truck shipments.

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(3) Thus far motorized transport has affected cooperative marketing rather adversely, destroying or weakening 22% of Indiana's shipping associations in 3 years and eliminating associations from some fifteen counties in Illinois. To some extent this has affected terminal cooperatives.

(4) The matters of comparative shrinkage, bruises, and transit loss are important and are receiving increased attention on the part of stockmen. Rapid increase in the use of transit loss coverage by commercial truckmen is significant. Also, that the cost of this coverage is being largely paid by shippers. Of 84 truckmen hauling to Chicago in December and carrying transit insurance, only one absorbed any part of the premiums charged by the insurance company.

II. Although the question of direct marketing has been deluged with printer's ink many still wonder what it is all about. And who knows? When 35% of the hogs of the U. S. are going direct, one naturally asks why.

(1) Is it because stockmen are dissatisfied with terminal market service or are aggrieved at terminal market charges? While such charges probably represent about 30% of the total marketing expense, including shipping association home expense, a service return is given in that payment of shipper's proceeds is absolutely guaranteed; all weights are over scales of known accuracy; and sorting or grading is by representatives of the shipper's own choice.

(2) It appears that definite and substantial economies should result from marketing direct. But what part of those savings do, or ought, shippers to receive? What sort of a selling organization will be required to secure their share of the savings; how can it be developed; what will it cost? Certainly sellers can hope to participate in the benefit only as they are in position to demand them.

Asked what premium is necessary in marketing direct, an experienced and successful operator said he had to have at least 15 cents above his net on the open market and that anything under 25 cents was on the whole unsatisfactory.

(3) An increasing percentage of hogs are slaughtered away from the large terminals. How will this affect those packers who buy and process surplus receipts during periods of heavy runs thus helping to equalize prices between surplus and deficit production periods? The livestock industry needs one or more packers able to perform efficiently that type of service.

(4) What is back of the phenomenal development of direct buying? Is it a struggle between terminal packers and interior plants or the result of a collision between other packer groups?

If it is either stockmen can afford to take part only as may be necessary to safeguard the interests of their industry or to advance a sound marketing program.

(5) Through decreasing terminal receipts direct buying is forcing changes in the terminal markets, the extent and effects of which are only estimated as yet. One effect may be to impair the usefulness of cooperative terminal sales agencies.

(6) The tendency in all commodities is toward grading and standardization. To be sorted and graded effectively and economically livestock must be handled in volume. Stockmen marketing direct have the choice of delegating sorting and weighing to the buyer or of concentrating their stock somewhere along the route from farm to market. If they elect concentration under their own control how may it be done and what expense is likely to be incurred?

III. Establishment of an effective stockman-owned and controlled livestock cooperative marketing system appears to many as hopelessly chimerical. In the present instance, our time permits only such consideration as may result from raising a few questions.

(1) What is involved? Carried to its logical development it provides for farmer control of livestock until it passes into the hands of slaughterers, involving effective and coordinated selling, by all important agencies, at whatever points sales are effected or deliveries made.

(2) Can it be done? There are several indications which may have value in that connection. The 1928 business of 26 cooperative terminal agencies, of which the first was started in 1917, was about \$290,000,000. The Central of St. Paul, started in 1921, handled \$33,000,000 worth of livestock in 1928. The National Producers, starting from a loan of \$7,000 in 1921 handled approximately \$140,000,000 worth of livestock in 1928. Has the movement reached its peak or will it continue to expand?

Considering the magnitude of the task most folk would say it is impossible. But 8 years ago how many were willing to forecast even what has been accomplished? Perhaps the best opinion, still, is this statement from the final Report of The Committee of Fifteen:

"The building of such an organization hinges upon the willingness of livestock producers to cooperate in marketing their livestock, and the committee is convinced that until they do so cooperate there is little hope of substantial and permanent improvement in livestock marketing."

c (3) Assuming that the terminal cooperatives maintain themselves, can the cooperative system establish itself in the direct marketing field, finally resulting in a coordinated marketing system, both terminal and direct, instead of the competitive situation existing now?

Recent Illinois developments are of interest in this connection.

Mr. Thompson says the marketing specialist should be neither a promoter nor a propagandist. Accepting the meaning of the one as reflected by blue-sky laws and the other as commonly used since the war, one must agree. But having in mind earlier meanings of both words, the effective specialist may be both-- a promoter of a sound marketing program, and a propagandist for the open mind and clear thinking on all marketing questions.

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